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## **OLR Bill Analysis**

### **sHB 5317 (as amended by House "A")\***

#### ***AN ACT CONCERNING THE INTEREST RATE ON DELINQUENT PROPERTY TAXES.***

##### **SUMMARY:**

PA 11-212 required a municipality that met certain conditions to make annual adjustments to the assessment ratios for residential and apartment property, beginning with the 2011 assessment year, as long as the assessment ratio for any property class did not exceed 70%. It applied to any municipality that, in the 2010 assessment year, was implementing the law that allows towns to provide a special property tax relief program. Hartford is the only municipality that used this program and is thus the only municipality the act and this bill affects.

This bill:

1. adjusts the act's apartment property assessment ratio for the 2011 assessment year (which began October 1, 2011, for taxes due in FY 13) and subsequent years;
2. requires Hartford's assessor to publish the 2011 grand list within 15 days of the bill's passage and issue assessment increase notices to property owners; and
3. allows aggrieved property owners to appeal their 2011 assessments to the board of assessment appeals, as long as they have not already done so.

PA 11-212 also allowed voters in Hartford to petition for a referendum on any budget that increases the tax levy by more than 2.6% over that for the prior fiscal year. The bill (1) changes the trigger for the referendum; (2) increases the referendum's voting threshold; (3) specifies that the referendum is on the budget proposed for the

following fiscal year, rather than the budget for the fiscal year in progress; and (4) specifies how the budget must be revised if it is voted down.

\*House Amendment "A" replaces the original bill, which gave towns the option of reducing the annual interest rate they charge on delinquent property taxes.

EFFECTIVE DATE: Upon passage and applicable to assessment years starting on or after October 1, 2012, except for the apartment property assessment ratio provision, which is applicable to assessment years starting on or after October 1, 2011.

#### **APARTMENT PROPERTY ASSESSMENT RATIO**

PA 11-212 required Hartford to assess apartment property at 50% of its fair market value for the 2011 assessment year and, beginning with the 2012 assessment year, proportionately increase this assessment so that it is 70% by the 2015 assessment year. The bill instead (1) authorizes Hartford's legislative body to determine the apartment property assessment ratio for the 2011 assessment year and subsequent assessment years and (2) requires that it be between 50% and 70% of the property's fair market value.

Existing law, unchanged by the bill, defines apartment property as any building, land, and accessory building and improvements having four or more dwelling units and residential property as having one to three such units.

#### **ASSESSMENT INCREASE NOTICES AND APPEALS FOR THE 2011 GRAND LIST**

The bill requires Hartford's assessor to publish the city's 2011 grand list within 15 days of the bill's passage, notwithstanding the law requiring assessors to do so by January 31 of each year. It requires the assessor or board of assessors to mail a written assessment increase notice to any property owner whose property value increased over the 2010 grand list at the property owner's last-known address. By law, the written notice must be sent no later than 10 days after the assessor signs the grand list.

The bill (1) authorizes aggrieved property owners to appeal their assessments in writing to the board of assessment appeals within 20 calendar days of the assessor certifying the grand list and (2) limits property owners to one appeal for the 2011 assessment year.

The board must notify appellants by September 1, 2012 about (1) the date, time, and place of the hearing or (2) its decision not to hold a hearing. By law, the board must hold a hearing on assessments except those over \$1 million for commercial, industrial, utility, or apartment property. If the board chooses not to hold a hearing, the appellant may appeal directly to the Superior Court.

Appeals filed before the bill's passage are subject to existing law's deadlines for filing, hearing, and deciding assessment appeals. Any such appellants retain the right to appeal to the Superior Court.

## **BUDGET REFERENDUM**

PA 11-212 allows voters in Hartford to petition for a referendum on any budget that increases the tax levy by more than 2.6% over that for the prior fiscal year. The bill (1) specifies that the referendum is on the budget proposed for the following fiscal year, rather than the budget for the fiscal year already in progress, and (2) changes the trigger for the referendum to an increase in the tax levy of 3% over that in the current fiscal year.

Under current law, 1% of voters must petition for the referendum by June 15. The bill increases this threshold to 3% of voters.

Under PA 11-212, if voters did not approve the budget, the city was required to limit the tax levy increase to 2.6%. The bill instead requires that the budget revert to the preceding fiscal year's budget, adjusted by the amount necessary to meet the Pension Commission's funding requirement and any legally and contractually required increases certified by the finance director.

## **BACKGROUND**

### ***Residential Property Assessments Under PA 11-212***

For the 2011 assessment year, PA 11-212 requires Hartford's

assessor to calculate an assessment ratio for residential property that (1) produces an average annual property tax increase attributable to a revaluation of 3.5% over the 2010 assessment year and (2) is at least 23%. The act also requires an additional adjustment to residential property assessments to reflect the growth in property taxes levied over the previous fiscal year, adjusted for inflation. The adjustment ranges from 0% to 5% and applies to assessment years beginning on or after October 1, 2011.

#### **COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea 19 Nay 1 (03/07/2012)